IN THE CLAIMS:

1. (currently amended) A punch and die alignment system, comprising: a first die including a first die aperture for receiving a punch; a second die including a second die aperture for receiving the punch; a first housing including a smooth bore first die passage receiving at least a portion of the first die; and a second housing including a smooth bore second die passage receiving at least a portion of at least one of the first die and the second die, the second die passage being configured to permit at least one of the first die and the second die to rotate therein, thereby permitting the first die aperture and the second die aperture to be optimally aligned with respect to each other and with respect to the punch whereby the punch may freely pass through the first die aperture and the second die aperture with minimal friction from the walls of the first die aperture and of the second die aperture.

2. (previously presented) The punch and die alignment system according to claim 1, wherein the second die passage receives at least a portion of the second die and at least a portion of the first die.

3. (previously presented) The punch and die alignment system according to claim 1, wherein the first die passage and

the second die passage are configured to permit at least the first die to rotate therein.

4. (previously presented) The punch and die alignment system according to claim 1, further comprising: a first alignment mark on the first die; and a second alignment mark on the second die; wherein alignment of the first alignment mark and the second alignment mark aligns the first die aperture and the second die aperture.

5. (currently amended) The punch and die alignment system according to claim 1, wherein the first die aperture and the second die aperture are alignable ~~to be concentric~~ within about 5 millionths of an inch.

6. (currently amended) A punch and die assembly, comprising: a first die including a first die aperture for receiving a punch; a second die including a second die aperture for receiving the punch; a first housing including a smooth bore first die receiving passage receiving at least a portion of the first die; a second housing including a smooth second die passage receiving at least a portion of the second die and being configured to receive at least a portion of the first die, the second die receiving passage being configured to permit at least one of the first die and the second die to rotate therein, thereby permitting the first die aperture and the second die

aperture to be optimally aligned with respect to each other and with respect to the punch whereby the punch may freely pass through the first die aperture and the second die aperture with minimal friction from the walls of the first die aperture and of the second die aperture; and a punch assembly including a punch, wherein the punch extends through the first die aperture and the second die aperture during a punching operation.

7. (previously presented) The punch and die assembly according to claim 6, wherein the second die passage receives all of the second die and being configured to receive at least a portion of the first die.

8. (previously presented) The punch and die assembly according to claim 6, wherein the first die receiving passage and the second die passage are configured to permit at least the first die to rotate therein.

9. (previously presented) The punch and die assembly according to claim 6, further comprising: a first alignment mark on the first die; and a second alignment mark on the second die; wherein alignment of the first alignment mark and the second alignment mark aligns the first die aperture and the second die aperture.

10. (currently amended) The punch and die assembly according to claim 6, wherein the first die aperture and the second

die aperture are alignable ~~to be concentric~~ within about 5 millionths of an inch.

11. (previously presented) The punch and die assembly according to claim 6, further comprising: a compression spring engaging the punch for biasing the punch to a retracted position.

12-20. (canceled)

21. (previously presented) The punch and die alignment system of claim 1, wherein said first and second housings are rotatable relative to each other.

22. (previously presented) The punch and die assembly of claim 6, wherein said first and second housings are rotatable relative to each other.

23-24. (canceled)

25. (previously presented) The punch and die assembly of claim 1, wherein the space between the outer surface of each of said dies and the inner surface of its die passage is between about 0 and 10 millionths of an inch.

26. (previously presented) The punch and die assembly of claim 6, wherein the space between the outer surface of each of said dies and the inner surface of its die passage is between about 0 and 10 millionths of an inch.

27. (previously presented) The punch and die assembly of claim 1 wherein at least one of said first die passage

and said second die passage is configured to snugly receive at least a portion of each of said first die and said second die and to permit at least one of said first die and said second die to rotate therein.

28. (previously presented) The punch and die assembly of claim 6 wherein at least one of said first die passage and said second die passage is configured to snugly receive at least a portion of each of said first die and said second die and to permit at least one of said first die and said second die to rotate therein.